

**RESOLUTION OF THE CITY OF FRISCO SUSPENDING
THE EFFECTIVE DATE OF COSERV GAS LTD.'S
REQUESTED RATE CHANGES TO PERMIT THE CITY
TIME TO STUDY THE REQUEST AND TO ESTABLISH
REASONABLE RATES; APPROVING COOPERATION
WITH OTHER CITIES WITHIN THE COSERV SYSTEM
TO HIRE LEGAL AND CONSULTING SERVICES AND TO
NEGOTIATE WITH THE COMPANY AND DIRECT ANY
NECESSARY LITIGATION; REQUIRING
REIMBURSEMENT OF CITIES' RATE CASE EXPENSES;
AUTHORIZING INTERVENTION IN THE PROCEEDING
AT THE RAILROAD COMMISSION; REQUIRING
NOTICE OF THIS RESOLUTION TO THE COMPANY**

WHEREAS, on or about December 18, 2008, CoServ Gas Ltd. ("CoServ"), filed with the City of Frisco a Statement of Intent to change gas rates in all municipalities within the CoServ System; and

WHEREAS, it is reasonable for the City of Frisco to cooperate with other cities in a review of the Company's Statement of Intent and to coordinate the hiring and direction of legal counsel and consultants and to negotiate with the Company and direct any necessary litigation; and

WHEREAS, Gas Utility Regulatory Act § 104.107 grants local regulatory authorities the right to suspend the effective date of proposed rate changes for ninety (90) days; and

WHEREAS, Gas Utility Regulatory Act § 103.022 provides that costs incurred by cities in ratemaking activities are to be reimbursed by the regulated utility.

THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF FRISCO, TEXAS:

1. That the January 23, 2009 effective date of the rate request submitted by CoServ be suspended for the maximum period allowed by law to permit adequate time to review the proposed changes and to establish reasonable rates.

2. That the City is authorized to cooperate with other cities in the CoServ service area to hire and direct legal counsel and consultants, negotiate with the Company, and to intervene and participate in any necessary administrative proceedings or court litigation associated with an appeal of city action.

3. That the City's reasonable rate case expenses shall be reimbursed by CoServ.

4. That it is hereby officially found and determined that the meeting at which this Resolution is passed is open to the public as required by law and the public notice of the time, place, and purpose of said meeting was given as required.

5. A copy of this Resolution shall be sent to Charles D. Harrell, Chief Financial Officer, CoServ Gas Ltd., 7701 South Stemmons, Corinth, Texas 76210-1842 and to Kristen Doyle, counsel for Cities Served by CoServ at Lloyd Gosselink Rochelle & Townsend, P.C., 816 Congress Avenue, Ste. 1900, Austin, Texas 78701.

Maher Maso, Mayor, City of Frisco

ATTEST:

Ron K. Patterson, Interim City Secretary